

Statement by
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of the
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Mr. Chairman and Members of the Committee, I am pleased to discuss with you S. 2 and S. 1244, two bills proposing systematic Congressional review of ongoing governmental programs. Earlier this year Dr. Rivlin testified before the Committee on Governmental Affairs on the provisions of S. 2, the Program Evaluation Act of 1977, as it was introduced. We appreciate the opportunity now to testify on the provisions of S. 2 as reported and on S. 1244, the Federal Spending Control Act of 1977.

During its deliberations, the Committee on Governmental Affairs made a number of significant changes to S. 2 that should improve its workability. New provisions allow authorizing committees to target a few programs from among those expiring during a Congress for intensive and thorough evaluation. The remaining programs do not, however, escape scrutiny. Prior to their reauthorization the committees of jurisdiction must conduct a basic review of the purposes, accomplishments, and needs for such programs. Thus, the Committee sought to strike a balance between the need for comprehensive review of all programs and for intense evaluations of selected programs without overloading the work schedule of the authorizing committees.

Another important change provides for a termination schedule on a three-congress or six-year cycle, rather than a five-year cycle. This seems better suited to the working patterns of the Congress by allowing a more deliberate consideration of reauthorizations during two sessions of a Congress. Under the original schedule of annual terminations, committees would have faced the May 15th reporting deadline of the Congressional budget process each year. Now

they will have the full first session of each Congress in which to consider reauthorizations prior to the May 15th reporting deadline in the second session.

S. 1244, the Federal Spending Control Act of 1977, embodies a much less elaborate approach to program review than does S. 2. As introduced, S. 1244 would require:

- o that no new authorizations be for longer than 4 years;
- o that existing programs be reauthorized within 5 years; and
- o that the reports on new programs or the reauthorizations of existing programs reflect a basic evaluation of the need for such program and of its probable (or actual) success.

While S. 1244 limits the term of authorizations and establishes a 4-year review cycle, it does not force review of all similar programs at the same time, as S. 2 requires by establishing the review cycle in terms of functional categories.

In her testimony before the Governmental Affairs Committee last spring, Dr. Rivlin noted:

The application of the sunset concept to the legislative authorization process requires careful thought and discussion. Where the Budget Act reforms were built upon a long established process, sunset would establish in many instances a whole new process. In this sense, sunset would be an even greater challenge to the Congress than the implementation of the Budget Act.

S. 1244 represents a less rigorous approach to the sunset process than the regular, systematic procedures of S. 2. S. 1244 essentially represents a first step, whereas S. 2 would introduce a major new discipline into the authorizations process.

Our testimony last spring focused on two points which we consider important for any sunset process: a longer-range perspective and review of tax expenditures. S. 2 as reported has taken some steps to address the first concern; neither bill includes tax expenditures. Mr. Chairman, I would like to outline briefly our concerns in these two areas.

First, we are concerned about the short timeframe of the current federal budget process. As I'm sure the Members of this Committee are aware, the federal budget has so much momentum built into it that there is very little the Congress can do to make the budget next year look much different in terms of composition from that of this year. Yet the Congress does make decisions that can significantly alter the size and composition of the federal budget in future years. However, these decisions are not made within the framework of a longer-term budgetary plan. The Congress, therefore, has no opportunity to make an articulated judgment about whether it likes the direction in which the budget is headed, or that such direction reflects the right set of priorities.

Pursuant to section 502(e) of the Congressional Budget Act, the CBO submitted to the Congress earlier this year a report on the advisability and feasibility of the Congress adopting a longer timeframe for the budget process. We recommended that the two Budget Committees formulate, and the Congress adopt, a plan for stating and voting on multiyear budget targets to provide a framework for legislative decisions that will affect future budgets.

S. 2 as reported has taken two steps to encourage such a longer-range of view of federal activities. Specifically, as part of the development and

maintenance of a program inventory, CBO would be required to provide five-year projections of the authorizations and appropriations enacted in each session of the Congress. Further, CBO would be required to issue periodic reports during each session of Congress to track Congressional action on bills and resolutions which authorize appropriations.

These projections and new scorekeeping function should assist the Congress in weighing the potential budgetary impact of its authorizing decisions over the next several years. It would tie in well with multiyear budget resolutions.

Second, Mr. Chairman, we believe that the inclusion of tax expenditures in the review of federal programs is vital — the effects of tax expenditures can be as great or even greater than the effects of direct government spending in achieving some goals or objectives.

Although it has been suggested that the complexity of tax expenditures, and their "rather special" nature, when compared to direct expenditures, should exempt them from termination and review, we are inclined to believe that these very qualities argue for their inclusion in such a process. In fact, review of them is particularly important, since they do not receive the same periodic scrutiny accorded direct expenditures in the appropriations process. Termination of tax expenditures may require more work, but we do not believe that the burdens will be insuperable.

Finally, Mr. Chairman, we noticed among the issues on which you solicited the comments of the chairmen of the Senate committees the assignment of the

program inventory development responsibilities to CBO. While we do not consider it appropriate for us to comment on the other issues, we would like to bring to the Committee's attention the fact that the program inventory, as currently provided in S. 2, does correspond to ongoing CBO activities in support of the Congressional budget process.

Since 1975 we have maintained, at the request of the two Budget Committees, an automated information system linking authorizing statutes and authorizing committees to the budget accounts. This data has been continuously updated and refined. It has been used to support the instructions from the Budget Committees for the March 15th reports of views and estimates by the standing committees and to support the allocation of spending authority required in the conference reports on the concurrent budget resolutions by PL 93-344.

In a major upgrading of the system for the Senate Budget Committee, we are currently developing (and expect to complete in the near future) a listing of program categories constituting the major areas of legislative policy focused on by Senate committees. These program categories will take into account the structure of the budget accounts, the functions and subfunctions, and national needs and missions. These categories will number approximately 400 different aggregations of budget accounts and authorizations.

In a similar effort for the House Budget Committee, we are assisting in the development of major program categories, based on those used in describing the President's program each year in the annual budget document for use in the

Committee's Member Budget Information System. Beginning next session it will be possible to track budget activity by these approximately 200 program categories using CBO scorekeeping data.

To be able to identify these major program categories, CBO has had to systematically review the basic authorizing legislation enacted by the Congress and to relate that legislation to the structure of the Federal budget. The approximately 400 major categories devised for the Senate and the 200 groupings for the House can be directly tied to the 2000 or more authorizing citations and the 1100 accounts in the Budget.

Development of the program inventory for S. 2 as currently envisioned would fit hand-in-hand with these CBO support activities for the Budget Committees. It is also consistent with assigning CBO the task of issuing periodic scorekeeping reports to keep track of authorizations and appropriations for each program. We believe these functions would be a logical extension of our current scorekeeping responsibilities.

In conclusion, Mr. Chairman, we believe that the objective of periodic program review embodied in S. 2 and S. 1244 is an important complement to the new congressional budget process. The Congressional Budget Office will be glad to provide whatever cooperation and assistance we can to assist the various committees with their review and evaluation of federal programs. Thank you for this opportunity to discuss these proposals with you. I would be pleased to answer any questions you or other Members of the Committee may have.

